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**Summary of Call #7
Residential, Commercial, and Industrial Technical Work Group
February 23, 2006, 9 a.m. – 10:30 a.m.**

Attendance:

1. Technical Working Group members:

Grady Gammage, Jr. – Gammage and Burnham
Jeff Homer – General Dynamics
Glenn McGinnis – Arizona Clean Fuels
Lisa McNeilly – Xanterra South Rim, LLC
Tim Mohin – Intel Corporation
Amanda Ormond – Grand Canyon Trust
Suzanne Pfister – St. Joseph's Hospital
Jeff Schlegel – Southwest Energy Efficiency Project
Penny Allee Taylor – Southwest Gas
Richard Tobin – Lewis and Rocha

2. ADEQ staff: Kurt Maurer and Emily Bonanni

3. Center for Climate Strategies (CCS) staff: David von Hippel and Michael Lazarus

4. Others: Dave Jallo, APS; Brian O'Donnell, Southwest Gas

Background documents:

(all posted at <http://www.azclimatechange.us/template.cfm?FrontID=4674>)

1. Agenda
2. Summary of RCI TWG Call#6
3. Powerpoint presentation for meeting
4. List of Priority Options for Analysis
5. Draft Policy Options
6. RCI GHG Reduction Opportunities (updated policy matrix)

Discussion items and key issues:

1. Members approved the summary of the Dec. 1, 2005 conference call.
2. David von Hippel of CCS reviewed the process that has occurred since the Dec. 12, 2005 CCAG meeting, when the CCAG affirmed 11 consolidated RCI options as High priority for analysis. A 12th option, dealing with demand-side solid waste and waste water management, was also affirmed by the CCAG.
 - a. TWG members volunteered to participate in four subgroups to draft straw proposals for each of the 11 consolidated options.
 - b. David said that the purpose of this call was to present the full TWG with the draft policy options as developed in the subgroups. Members on the call were asked whether they could agree in concept with the policy descriptions and policy design parameters as presented. That information, as well as any issues or pertinent gaps, will be presented to the CCAG at its March 17, 2006 meeting.
 - c. Michael Lazarus of CCS noted that the TWG has not had opportunity to consider the solid waste and waste water management option. Additional expertise may need to be consulted.
3. David von Hippel and Michael Lazarus of CCS reviewed section 1 of the policy design template for each of the 11 draft policy options (see Draft Policy Options for specific descriptions). Members on the call agreed in concept to the descriptions as presented and recommended providing to the CCAG for consideration at its March 17 meeting. Discussion highlights included:
 - a. RCI 2: State Leadership Programs – Members discussed adding a recommendation that the state Energy Office assign staff to ensure goals are met and to serve in a cooperative extension role to share energy efficiency best practices with non-government sectors.
 - b. RCI 3: Appliance Standards – Members discussed advocating for stronger federal energy efficiency standards and/or pursuing other state standards for appliances not covered by the federal standards.
 - c. RCI 4: Building Standards and Codes – Lisa McNeilly mentioned whether the TWG might want to consider “packaging” some of the options in a “Smart Growth” bundle, like the TLU TWG has done, as a way to indicate the state is taking energy efficiency into account while continuing to sustain growth and economic development.
 - d. RCI 5: “Beyond Code” – Regarding the proposal to require that new state-owned or state-leased buildings use at least 10 percent less energy per square foot of floorspace relative to what would be required to just meet existing energy codes, Jeff Schlegel noted that the 10 percent figure seems acceptable now but may need to be adjusted in the future, as it may be difficult to achieve as existing energy codes become more stringent.

- e. RCI 6: Distributed Generation-Combined Heat and Power and RCI 7: Distributed Generation-Renewable Energy – Brian O'Donnell led discussion surrounding pending Arizona legislation (HB 2427). Members discussed including a definition of what the TWG means by “distributed”. Amanda Ormond agreed to provide CCS information about what the Arizona Corporation Commission is considering. Brian agreed to provide CCS with copies of the legislation. Noting the gaps in the drafts’ policy design parameters, Jeff Schlegel asked if an approach may be to set goals; he then offered to circulate some concepts, similar to what the subgroups that he was involved with had done.
- f. RCI 8: Electricity Pricing Strategies – Amanda Ormond and Brian O'Donnell agreed to provide CCS with some revised language.
- g. RCI 11: GHG Emissions Trading – Members discussed the proposed language developed by the subgroup (i.e., that a regional or national cap and trade program would be preferable to a state-level one, and that the CCAG consider recommending to the governor that the state explore a regional cap and trade program in a regional forum and/or advocate for development of a national program.) There seemed to be support among the members on the call for developing some kind of regional or national level emissions trading program. However, the TWG could not agree on whether such a program could be developed without a GHG emissions cap. Members also discussed whether steps could be taken on a state level to encourage voluntary inventory and reporting (a topic that will be covered in the Cross Cutting TWG). Members requested that more time be devoted to the discussion of this option in TWG and CCAG meetings.

Next steps and agreements:

1. CCS will incorporate edits as discussed on the call and recirculate revised draft policy options to TWG members for review. Draft materials will need to be posted on the CCAG Web site by March 8 to allow CCAG members time to review before the March 17 CCAG meeting.
2. The dates for the next TWG or RCI subgroup calls will be decided after the March 17 CCAG meeting. It most likely will occur in the last week of March or first week of April.
3. The March 17, 2006 CCAG meeting will be held at Salt River Project headquarters, 1521 N. Project Drive, Tempe from 9:30 a.m. to 4 p.m.